

15 October 2020

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Dear Channa,

Exposure Draft: *Proposed Amendments to APES 305 Terms of Engagement (APES 305)*.

CPA Australia represents the diverse interests of more than 166,000 members working in over 100 jurisdictions and regions around the world. We make this submission on behalf of our members and in the broader public interest.

CPA Australia supports professional standards which align requirements between regulatory stakeholders and reduce duplication where possible. For members who have reporting obligations to multiple stakeholders, alignment between pronouncements allows for greater efficiency when implementing the requirements and reduces confusion regarding the application of requirements.

CPA Australia supports the proposed mandatory requirement at paragraph 3.6 of *APES 305* which elevates guidance material previously contained in *APES GN 30 Outsourced Services (GN 30)*. CPA Australia also supports the proposed application material for cloud-based services at paragraph 3.7 which aligns *APES 305* to the Tax Practitioners Board (TPB) Practice Note, *TPB(PN) 1/2017*.

We observe that currently, many members include information regarding outsourced and cloud-based services in their engagement letters consistent with recommendations 5.2 and 5.3 and examples 5 and 6 of *GN 30*. However, the disclosures are often inconsistently applied. The proposed paragraph 3.6 of *APES 305* will require all members to document and communicate to the client the details of the outsourced service provider, the geographical location of where the outsourced service will be performed and the nature and extent of the outsourced services. The proposed application material at paragraph 3.7 will guide disclosure requirements for members who are increasingly contracting cloud-based services. CPA Australia suggests that consideration be given to elevating the application material at paragraph 3.7 to become a mandatory requirement.

The proposed amendments will provide clarity and consistency for minimum disclosure requirements and reduce regulatory risk. The public interest will be served by improving transparency regarding the execution of engagements and storage of personal information.

As a general observation, CPA Australia encourages the APESB to consider whether new or revised requirements are already adequately addressed in legislation (such as the *Privacy Act 1988 Cwlth*) applicable to members, prior to including such requirements in Guidance Notes or Standards.

Should you have any questions regarding this submission, please do not hesitate to contact Josephine Haste CPA, Policy Adviser – Ethics and Professional Standards on +613 9606 9693 or josephine.haste@cpaaustralia.com.au.

Yours sincerely



Dr Gary Pflugrath
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